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THE SITUATION IN CENTRAL AMERICA: PROCEDURES FOR THE ESTABLISHMENT OF A FIRM AND LASTING PEACE AND PROGRESS IN FASHIONING A REGION OF PEACE, FREEDOM, DEMOCRACY AND DEVELOPMENT

Report of the Secretary-General

I. INTRODUCTION

1. The present report is submitted pursuant to General Assembly resolution 50/132 of 20 December 1995. It covers developments relating to progress achieved by Central American countries in the areas of peace, freedom, democracy and development since my last report (A/50/499) was submitted to the General Assembly on 3 October 1995.

2. The General Assembly has followed the efforts of the Central American countries to achieve a lasting peace and discussed the situation in Central America annually since 1983. A more direct involvement in the peace process was precipitated by the signing by the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, on 7 August 1987, of the agreement known as Esquipulas II (A/42/521-S/19085, annex). The five Central American Presidents undertook to initiate processes of democratization and national dialogue in their countries, to bring about ceasefires and promote free and fair elections. In February 1989, the Presidents, gathered at a summit meeting in El Salvador, called upon the United Nations to become involved in the verification of these agreements. Since that time the Organization has encouraged the Central American countries in the steps taken to consolidate their progress towards peace, freedom, democracy and development.

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3. Two important peacekeeping missions have been carried out in Central America under the authority of the Security Council: the United Nations Observer Group in Central America (ONUCA) (November 1989-January 1992) and the United Nations Observer Mission in El Salvador (ONUSAL) (July 1991-April 1995), one of the most comprehensive efforts ever undertaken by the United Nations. For its part, the General Assembly authorized the United Nations Observer Mission to Verify the Electoral Process in Nicaragua (ONUVEN) (August 1989-April 1990) and, on 19 September 1994, adopted resolution 48/267, establishing the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA). Further to the completion of the mandate of ONUSAL, a smaller Mission of the United Nations in El Salvador (MINUSAL) was established on 1 May 1995; MINUSAL was in turn replaced on 1 May 1996 by an even smaller United Nations Office of Verification (ONUV) with a mandate that extends until 31 December 1996. In addition, most programmes and agencies of the United Nations system are currently providing technical assistance to Central America within country programmes or regional frameworks.

4. In addition to reports of the Secretary-General on the missions currently in the field in El Salvador and Guatemala, at its fifty-first session the General Assembly will consider a number of reports on the region. These include those on international assistance for the rehabilitation and reconstruction of Nicaragua: aftermath of the war and natural disasters; and on the Universal Congress on the Panama Canal. A report prepared in response to a request by Nicaragua during the fiftieth session of the General Assembly will also be submitted on support by the United Nations system of the efforts of Governments to promote and consolidate new or restored democracies.

5. The current report, like my past reports on the situation in Central America, concentrates on the five signatories to the Esquipulas process. However, in accordance with the new Central American agenda and the composition of Central American summit meetings, reference is also made to the situations in Panama and Belize.

II. THE CENTRAL AMERICAN PROCESS

6. The mid-1990s see the Central American region at a turning point. The civil wars of the 1980s lie in the past, with the important exception of Guatemala, where, however, the parties have suspended hostilities and where significant progress in the negotiation process, including the parties' jointly declared determination to conclude the negotiating process this year, offers the hope for a mediated solution to the region's longest-lasting conflict.

7. Countries throughout the region are making efforts to convert into a reality the improved prospects for the goals of peace, democratization, reconciliation, development and justice reiterated by their Governments. Democratically elected Governments have shown themselves to be stable even in the face of internal difficulties. Thus, in Nicaragua a compromise was found on the divisive property issue, on key official appointments (including the President of the Supreme Electoral Council) and on the conduct of the campaign for the October elections (presidential, legislative, municipal, and Central

American Parliament (PARLACEN)). Further proof of the maturity reached by the political system was provided by the acceptance on the part of three of the main presidential candidates of decisions by the Electoral Council barring them from the elections. In El Salvador, the Government pushed forward the package of constitutional reforms included in the peace accords in the face of considerable opposition within the ruling party. The Guatemalan peace process saw a positive development when the Unidad Revolucionaria Nacional Guatemalteca (URNG) decided unilaterally to adopt an indefinite cessation of hostilities in March 1996, to which the newly elected Government of President Alvaro Arzú responded by putting an end to counter-insurgency activities. The joint declaration by the Government and URNG in Mexico City on 6 August 1996 gives rise to well-grounded expectations that agreement on a firm and lasting peace will be reached before the end of 1996 (A/50/1023, annex). In Honduras, President Reina's "moral revolution", introduced to fight corruption and promote increased democratic participation, has moved forward, particularly after the launching, in the autumn of 1995, of Convergencia Nacional, a movement of national consensus, to oversee electoral reform in preparation for the 1997 election. Continuing the process of broadening national consensus, political forces and representatives of civil society in Panama gathered at the "Encuentro Panama 2000" and pledged to keep issues relating to the transfer of the Canal to exclusive Panamanian control after 31 December 1999 outside partisan political considerations; to reinforce the rule of law; and to hold transparent elections in 1999.

8. Democratic institutions have been strengthened as security concerns engendered by armed conflicts recede into the past and are replaced by efforts to bring military and public security bodies under the control of civilian authorities. The offices of the ombudsmen for human rights in El Salvador, Guatemala and Honduras continue to consolidate their presence within their respective countries, with their actions reinforced by pressure by non-governmental organizations for vigilance and accountability in this area. In El Salvador a National Council on Public Security was established in January 1996 as an independent body that would advise the President on public security issues. In Honduras, important steps have been taken in the transfer of the administration of public security from military to civilian control, including the decision to create a civilian police force and reduce the size of the military, and in the replacing of mandatory military service with a system of voluntary enlistment. Guatemala's President Arzú has also started streamlining the security forces in preparation for their new role once the conflict is over. However, throughout the region, institutions responsible for public security have continued to be confronted by alarming levels of common criminality. These have their origin in the economic and social conditions experienced by a large proportion of the population, combined with difficulties in the process of reintegration of former combatants and those displaced by conflict.

9. The vigour and assertiveness of civil society continue to be manifest in the diversification of political processes throughout Central America. Issue-oriented organizations and professional associations have provided new channels for political participation, which are most clearly demonstrated by the role played by the Assembly of Civil Society within the Guatemalan peace process. This active participation has been officially supported by the Central American Presidents since the International Conference on Peace and Development

in Central America, held at Tegucigalpa on 24 and 25 October 1994. At that meeting, the Presidents declared that they would encourage dialogue between the Governments, civil society, regional institutions and the international community and undertook to make every effort to facilitate consolidation of the various forms of organization of civil society (A/49/639-S/1994/1247, annexes I and II).

10. Macroeconomic stabilization within the region has largely been maintained through the generalized implementation of structural adjustment programmes and liberalizing economic policies. This has resulted in reasonably moderate growth prospects for 1996, after a slow down in 1995. El Salvador, with its economy still buoyed up by remittances from abroad, experienced the highest growth rate (6.2 per cent in 1995), while keeping inflation in single figures. Guatemala too experienced constant growth, although it suffered from a rising fiscal deficit and exchange rate appreciation. In the run-up to the profound changes in the Panamanian economy likely to occur with the implementation of the Panama Canal Treaties at the end of 1999, Panama's growth slowed from 4.7 to 2 per cent in 1995 and is likely to remain at a low rate in 1996. Nicaragua, meanwhile, maintained a positive growth rate (4 per cent in 1995), which it had achieved in 1994 for the first time since 1990, as it kept inflation on a downward path and reduced trade and current account deficits. Despite fiscal crises hitting Honduras and Costa Rica in 1994 and 1995, growth perspectives for 1996 seem good. Belize experienced an economic upturn in 1995, fuelled by agricultural exports, with growth of 4.2 per cent.

11. In their "Declaration of San Salvador II" (A/49/901-S/1995/396, annex V), the Central American Presidents recognized that widespread unemployment, social deterioration and poverty were problems that required their most urgent attention. However, the pursuit of policies necessary for macroeconomic stabilization, liberalization of the economy and modernization of the State continues to be accompanied by a decline in social conditions across much of the region, with little advance in the alleviation of widespread poverty or in the much needed creation of employment. While the risk of social unrest remains real, that incidents of this nature have not been more frequent can be attributed to the region's high level of political organization and, to some extent, to the fresh memories of recent experiences of internal conflict.

12. The Central American process has come a long way since the five signatories to the Esquipulas II commitments first established the "Procedure for a Firm and Lasting Peace in Central America". It has become clear that for peace to be firm and lasting, it must maintain an interrelationship with freedom, democracy and development. As the region looks ahead to a period in which, for the first time for decades, not one of its countries is plagued by internal conflict, it is presented with the challenge of fulfilling the promise of peace. This challenge is one of which the Central American Presidents are acutely aware. I therefore encourage all their efforts to ensure, as they stated during their sixteenth summit meeting, that: "with the support and efforts of international solidarity, the region can become a model of conflict resolution, consolidated by peace and democracy through comprehensive development and the adoption of political solutions" (A/49/901-S/1995/396, annex I).

Regional cooperation and integration

13. The reporting period has seen the consolidation of a new regional strategy, that of the Alliance for the Sustainable Development of Central America (A/49/580-S/1994/1217, annex I), in which the importance of greater regional cooperation and integration is emphasized. The new course was set by the Declaration of Guácimo, adopted by the Central American Presidents on 20 August 1994 (A/49/340-S/1994/994, annex). Together with the documents signed during the Central American Environmental Summit for Sustainable Development held at Managua on 12 and 13 October 1994 (A/49/580-S/1994/1217), and the International Conference on Peace and Development at Tegucigalpa (24 and 25 October 1994), the Guácimo Declaration marked both a return to the principles laid out in the Tegucigalpa Protocol of 13 December 1991 and the clarification of a major turning point in the course taken by the region.

14. The Alliance for the Sustainable Development of Central America, as adopted by the Central American Presidents at the Managua meeting, is an ambitious and comprehensive initiative guided by the principles of "respect for life in all its forms; continuous improvement of the quality of life; respect for the vitality and diversity of our earth; peace; participatory democracy; the observance, promotion and protection of human rights; respect for the multicultural character and ethnic diversity of our peoples; economic integration within the region and with the world outside; and the responsibility of succeeding generations for sustainable development" (A/49/580-S/1994/1217, annex I, para. 8). The Central American Presidents, in their capacity as Central American Council for Sustainable Development, met at Costa del Sol, El Salvador, on 5 October 1995 to approve the monitoring agenda of the Alliance, with a number of priority commitments in the political, economic, social, cultural and environmental fields. At their Seventeenth Meeting held at San Pedro Sula, Honduras, from 13 to 15 December 1995 (A/51/67) the Central American Presidents launched the second phase of the Alliance based on the aforementioned priorities. Finally, at their Eighteenth Meeting held at Montelimar, Nicaragua, on 8 and 9 May 1996 (A/50/998-S/1996/497; annex), the Central American Presidents reaffirmed the commitments made in the framework of the Alliance and, in particular, emphasized the field of tourism with the adoption of a Regional Programme of Action for the Development of Tourism in Central America (A/50/998-S/1996/497, annex, appendix)

15. A distinctive feature of the region's efforts in the area of integration remains the constant dialogue maintained for the purposes of political and institutional cooperation. In addition to the major summit meetings mentioned above, which have proved themselves a flexible and effective format for high-level decision-making, the Central American Integration System (SICA) continues to ensure that regional meetings within the institutional and legal framework it establishes are a regular occurrence of Central American political life. Considering that it epitomizes the new regional concept of a more "open, stable and democratic Central America", SICA obtained observer status in the General Assembly on 12 October 1995 (resolution 50/2). Meanwhile, other regional organizations, such as PARLACEN, the Central American Bank for Economic Integration and the Central American Court of Justice, have increased their activities in support of more effective regional integration in their respective fields.

16. Economic integration remains more difficult to secure than integration in other areas. One of the main challenges to integration in the economic field is how to combine the external opening of the regional economies with the broader process of integration. The Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) considers that imbalances in trade accounts with third countries have to be reverted, in order for commercial liberalization to favour regional integration, which in turn will strengthen the international insertion of Central American economies. To this effect SIECA deems necessary the adoption of measures aimed at reinforcing the intraregional free trade area; the joint participation of Central American countries in trade negotiations with third countries; the enhancing of the region's infrastructure; the convergence of macroeconomic policies; and the strengthening of investment. Unfortunately, there remains a potential for conflict between regional and individual priorities in this area, as reflected in bilateral agreements negotiated by individual Central American countries. However, some headway was made in the field of trade liberalization, so that now only a limited number of products are excluded from the Central American free trade regime.

17. At their Seventeenth Meeting, the Central American Presidents approved a Framework Treaty on Democratic Security in Central America (A/51/67, annex II). The latter bases the Central American Democratic Security Model on the supremacy and strengthening of the power of civil society, a reasonable balance of forces, the security of individuals and of their property; the elimination of poverty and extreme poverty; the promotion of sustainable development; the protection of the environment; the eradication of violence, corruption, impunity, terrorism, and trafficking in drugs and arms; and the increasing channelling of resources into social investment. The Central American Security Commission, composed of the Deputy Ministers for Foreign Affairs, Defence and Public Security or Government, has been given an important role in the context of the regional security provisions agreed on in the Framework Treaty, particularly as regards annual programmes of confidence-building measures; the establishment of a Central American security information and communications mechanism, of a Central American system for the registration and transfer of weapons; and the establishment of a standardized register of weapons, explosives and equipment for the exclusive use of the armed or public security forces. It will also oversee periodic reporting by the Central American States on the above, on the composition, organization, facilities, weapons, supplies and equipment of armed and public security forces, and on expenditures related to these forces (using the United Nations system for the standardized reporting of military expenditures as reference), as well as on foreign military advisers and personnel. The Framework Treaty also provides for prior notification of certain military manoeuvres, movements or exercises, and for invitation of observers to such activities.

18. Although not related directly to the Esquipulas process, progress in overcoming territorial disputes forms a vital part of any review of the status of regional cooperation and integration. While difficulties remain - in the issue of the land pockets (bolsones) along the border between Honduras and El Salvador (most of which were awarded to Honduras by the International Court of Justice on the border dispute in September 1992); in the demarcation of the waters of the Gulf of Fonseca, where Honduras, El Salvador and Nicaragua share fishing rights; and along sections of the border between Guatemala and Belize -

the countries concerned have consistently insisted on the need to settle their differences through dialogue.

Extraregional cooperation

19. The countries of Central America continue to stress the importance of the role played by the international community in promoting their peace, freedom, democracy and development. At a time of pressing demands for international assistance, they have insisted on the need for this support to be maintained if the progress made in recent years is to be consolidated.

20. A mechanism through which members of the international community gave direct encouragement to individual peace processes was first established for El Salvador. The Group of Friends formed by my predecessor was made up of Colombia, Mexico, Venezuela and Spain, with the later addition of the United States of America. A similar mechanism is currently in place with respect to Guatemala, where the Group of Friends of the Guatemalan Peace Process is made up of the countries mentioned above, with the addition of Norway. The General Assembly has expressed its approval (in resolutions 48/161 of 20 December 1993, 49/137 of 19 December 1994, and 50/85 of 15 December 1995) of the initiative by the Government of Nicaragua whereby friendly countries (Canada, Mexico, the Netherlands, Spain and Sweden) formed a Support Group to follow Nicaragua's transition and to support internal consensus-building. The United Nations Development Programme (UNDP) serves as its technical secretariat. During the last year the Support Group has been particularly active in stimulating international support for the electoral process; on the issue of property, in supporting the UNDP project aimed at facilitating the process of titling and indemnization; and, on the external debt issue, in helping Nicaraguans make their case vis-à-vis donors and international financial institutions. In this respect, the Group issued a statement in June 1996 pleading Nicaragua's case for substantial debt pardoning, since it considers the latter's indebtedness unsustainable. I have followed these activities with interest, and welcome the positive contribution that the Support Group is continuing to provide in the field of preventive diplomacy.

21. A major platform for discussion of cooperation among and trade between the countries of the Americas was provided by the Summit of the Americas, held at Miami, Florida, from 9 to 11 December 1994. This meeting led to the commitment of all participants to work together, under the coordination of the Trade Unit of the Organization of American States (OAS), towards the establishment of a Free Trade Area of the Americas (FTAA) by the year 2005. Parallel discussions held at the summit between the Central American countries and the United States led to the agreement of CONCAUSA, a cooperation accord between the two parties by which the United States became the first extraregional associate of the Alliance for the Sustainable Development of Central America. The latest of a series of meetings on FTAA took place in March 1996 and gathered business leaders and trade ministers from all over the continent. It reaffirmed the goal of 2005; however, given the slow, varied progress in the seven working groups established in June 1995 to work out the basis for formal negotiations, it decided to postpone any decision on the opening of the latter until the next ministerial meeting, to be held at Belo Horizonte, Brazil, in 1997.

22. Political dialogue and economic cooperation with the European Union was enhanced at the San José XII Ministerial Conference, held at Florence, Italy on 21 and 22 March 1996 and attended by the Ministers for Foreign Affairs of the Central American countries, the European Union and the Group of Three (Colombia, Mexico and Venezuela). New objectives for European Union-Central American cooperation were established along three axis: support for the strengthening and consolidation of the rule of law and institutional modernization; support for social policies, as well as for national policies aimed at softening the social costs of structural adjustment programmes; and support for the Central American integration process.

23. The Presidents of Central America and Mexico, meeting at the second summit of the "Tuxla" process, which took place at San José on 15 and 16 February 1996, established a mechanism for dialogue and concertation. President Zedillo extended to June 1997 the Partial Scope Agreements between Mexico and El Salvador, Guatemala and Honduras for the purpose of establishing a free trade zone in the near future; Mexico also agreed to amend the San José agreement to adapt it to the current circumstances of the oil sector in Central American countries. In addition, on a visit to the region from 25 to 27 February 1996, United States Secretary of State Warren Christopher met with the Presidents of Belize, Costa Rica, El Salvador and Honduras. The United States offered to negotiate an extension of tariff exemptions for Central American export products and to extend its cooperation for the defence of the environment, the control of illegal immigration and the combat against organized crime, especially drug trafficking. Finally, Chile's President Eduardo Frei visited Costa Rica from 11 to 13 July 1996, where he met with Central American entrepreneurs and participated in a summit meeting with the Presidents and government representatives of the region; a high-level commission was established, coordinated by the respective ministries of foreign affairs, to promote free trade, cooperation and investment between Chile and Central America with a view to contributing to FTAA.

24. The economic contribution of the international community to the peace processes in Central America continues to follow the course established during a series of Consultative Group meetings on Nicaragua and Guatemala (in this case an informal donor meeting) organized by the Inter-American Development Bank and held at Washington on 17 and 18 June 1996. The meetings were attended by representatives of the international financial institutions (the Inter-American Development Bank, the International Monetary Fund (IMF) and the World Bank) and donor countries. In the case of Nicaragua, pledges were made for US$ 600 million in 1996 and a total of $1.8 billion for the period from 1995 to 1997, mostly aimed at reducing the deficit in the balance of payments and supporting the renegotiation of the external debt. A full Consultative Group meeting on Guatemala is currently under preparation.

25. OAS has continued to contribute to the Central American process, even as it has assumed a leading role on trade issues throughout the Americas. Secretary-General César Gaviria, in particular, has demonstrated the organization's keen interest in the initiative of the Alliance for the Sustainable Development of Central America through his presence at presidential summits. OAS cooperation with the region continues to be extended through the Central American Mine-Clearance Programme, carried out in conjunction with the

Inter-American Defence Board, as well as through the presence of the OAS International Support and Verification Commission in Nicaragua. The Commission's objectives are to verify observance of the rights and guarantees of those affected by Nicaragua's conflict, assist in their reintegration and support the strengthening of democratic institutions. OAS also observed the elections in Guatemala (November 1995-January 1996) and is monitoring the electoral process in Nicaragua.

III. UNITED NATIONS

26. Since my last report to the General Assembly on the situation in Central America (A/50/499), the United Nations has continued to support the countries of Central America in their efforts to consolidate peace, democracy and development within the mandates entrusted to the Secretary-General and the various programmes and agencies of the United Nations system. In El Salvador MINUSAL continued to verify implementation of outstanding elements of the peace agreements and exercise its good offices until 30 April 1996. Upon the termination of MINUSAL, a smaller mission, ONUV, was established to continue overseeing the fulfilment of all the outstanding provisions of the 1992 peace agreements. Under mandates of the General Assembly I have also continued to exercise my good offices in the search for a negotiated settlement of the civil conflict in Guatemala and MINUGUA has continued verifying a human rights agreement achieved through the process of negotiation. In addition to these specific missions, United Nations operational activities have been carried out within national and regional programmes.

United Nations in El Salvador

27. The decision to extend the mandate of MINUSAL for a further six-month period until 30 April 1996 was taken by the General Assembly on 31 October 1995 in resolution 50/7 after consideration of a report I submitted to it on 6 October 1995 (A/50/517). In that report, which I also transmitted to the members of the Security Council by means of a letter dated 23 October 1995, I informed the General Assembly that, although considerable advances had been made, a number of issues remained outstanding. I later submitted an informal report to the Security Council (25 January 1996) and, on several occasions, dispatched a high-level envoy from Headquarters to hold meetings with the President and members of the Government, the Frente Farabundo Martí para la Liberación Nacional (FMLN) and other key political actors and to assist the Mission in the discharge of its responsibilities. Following the termination of MINUSAL on 31 April 1996, and in accordance with the terms of resolution 50/226 of 10 May 1996 which established ONUV, I have ensured that the Security Council receives regular information concerning the operations of ONUV and developments in El Salvador (informal letter of 31 July 1996).

28. The process initiated by the peace accords between the Government of El Salvador and FMLN has maintained its impetus and contributed to the country's progress from a violent and closed society towards one in which a democratic order, the rule of law and the respect for human rights are being consolidated. In this there is much for which the Government and people of El Salvador must be congratulated. However, the implementation of the outstanding elements of the

peace accords has not been without problems, despite the parties' continuing expression of their determination to see the Peace Accords urgently fulfilled for the benefit of all Salvadorians. Difficulties developed and delays again occurred in a number of areas, including the institutional consolidation of the public security sector; the adoption of legal and constitutional reforms; the reform of the judicial and electoral systems; the transfer of land to former combatants; and the transfer of rural human settlements to their current occupants.

29. On 23 April 1996 I reported to the General Assembly that, in order to carry out the United Nations responsibility to verify all aspects of the peace accords, a continued presence in El Salvador was required, although at a reduced level, until the end of 1996 (A/50/935). I therefore proposed that the United Nations replace MINUSAL with a mechanism that would combine regular visits by a high-level envoy from New York with a small group of experts in the field. The mechanism - ONUV - started operating on 1 May 1996, led by my Representative Mr. Ricardo Vigil.

30. On 31 July 1996, I again submitted an informal report to the Security Council, noting progress in some elements of implementation of the peace accords and persistent delays in others. Particularly welcome developments were the approval by the Legislative Assembly both of a package of constitutional reforms recommended by the Commission on the Truth and of the Police Career Law. Advances had also been achieved in the land transfer programme, particularly with respect to the filing of titles in the national register. I also praised the work of the office of the National Counsel for the Defence of Human Rights, and called for national and international support in this decisive stage of its consolidation. However, there remained difficulties in the consolidation of the public security sector and I reported that the expectations raised by the establishment of the National Council on Public Security had so far not been met. Moreover, progress in the area of judicial reform had been minimal, further delays in the implementation of the programme to transfer the rural human settlements appeared likely and problems relating to the Fund for the Protection of the War-Wounded and Disabled persisted.

The peace process in Guatemala

31. Since my last report to the General Assembly on the situation in Central America, and as mandated by the General Assembly in its resolutions 49/236 B of 14 September 1995, 50/132 of 20 December 1995 and 50/220 of 3 April 1996, I have continued to inform Member States on a regular basis about developments in the Guatemalan peace process between the Government of Guatemala and URNG and continuing verification by MINUGUA of the Comprehensive Agreement on Human Rights and institution-building activities (A/50/482 of 12 October 1995; A/50/881 of 16 February 1996; A/50/878 of 24 February 1996; A/50/891 of 13 March 1996; A/50/902 of 27 March 1996; A/50/954 of 10 May 1996; A/50/956 of 6 June 1996; A/50/1006 of 19 July 1996; and A/50/1023 of 22 August 1996).

32. During the last quarter of 1995, progress on the item on social and economic aspects and the agrarian situation, under discussion since April 1995, was slow, even though the parties had agreed to intensify negotiations and met every other week from August to the end of the year. Negotiations continued

after the first round of general elections, held on 12 November, but were interrupted on 15 December. In order to facilitate resumption once a new Government had been elected, the parties approved a working document recording progress achieved as well as their outstanding differences on social and economic issues.

33. The winner of the presidential elections, Alvaro Arzú of the Partido de Avanzada Nacional (PAN), assumed office in January 1996. On the day of his inauguration he reiterated the pledge given as a candidate to continue negotiations with URNG. As part of his commitment to the peace process he also expressed the commitment of his Government to implementation of the agreements already signed and his unequivocal support for the continued presence of MINUGUA. Discreet contacts between the parties (which had started even before Mr. Arzú's election as President), continued until mid-February. In separate meetings with the Under-Secretary-General for Political Affairs and the Moderator of the Peace Talks, held between 23 and 25 January, the parties reaffirmed their commitment to the Framework Agreement of 10 January 1994 (A/49/61-S/1994/53, annex) and expressed the wish to resume negotiations at an early date and to reach a final peace agreement promptly. The United Nations convened a new round of negotiations at Mexico City on 22 and 23 February and further rounds were held regularly thereafter.

34. As mentioned in paragraph 7 above, on 19 March 1996 URNG announced that, as a contribution to progress in the peace process, it was temporarily suspending offensive military operations. The following day, President Arzú responded by issuing instructions to the Army to cease counter-insurgency operations. I congratulated the parties on this significant step in a statement issued on 21 March and, in my letter dated 25 March 1996 to the President of the General Assembly (A/50/902) transmitting the parties' statements, I pointed out how these decisions would alleviate the suffering of the civilian population, build further confidence between the parties and thus help to create a climate conducive to the consolidation of democratic change in Guatemala. I am pleased to report that this suspension has held and that no casualty, military or civilian, has been registered since then.

35. After two and a half months of intensive negotiation, the Agreement on social and economic issues and the agrarian situation was signed at Mexico City on 6 May 1996. The Agreement contains a comprehensive package of commitments. As I stated in my letter dated 6 June 1996 to the President of the General Assembly (A/50/956), the parties agreed on a broad array of measures to permit wider participation in decision-making at all levels; to increase and redirect government spending towards social development; to promote a more efficient and equitable agrarian structure; to modernize public administration; and to produce a sustained increase in public revenue. The Agreement reflects an agenda widely supported in Guatemala and was later endorsed by the Assembly of Civil Society. The announcement by URNG that, with effect from the signing of the Agreement on 6 May 1996, it would suspend its practice of levying "war tax", further broadened support for the peace process. In a public statement dated 6 May 1996, I congratulated the parties on their positive achievements and encouraged them to build on these developments as they considered the next item on the negotiating agenda, namely the Strengthening of civil power and the role of the army in a democratic society. This process began on 7 and 8 June in Mexico City.

36. On 8 May 1996, I informed the President of the General Assembly (A/50/954) that Mr. Leonardo Franco was returning to the Office of the United Nations High Commissioner for Refugees (UNHCR) after 18 months of distinguished service as Director of MINUGUA and that I had appointed Mr. David Stephen to succeed him. The third, fourth and fifth reports by the Director of MINUGUA were transmitted by me to the General Assembly on 12 October 1995 (A/50/482), 24 March 1996 (A/50/878) and 19 July 1996 (A/50/1006). The reports describe the context in which MINUGUA is operating, the activities carried out, including summaries of some of the cases considered, and conclusions and recommendations regarding human rights and the functioning of national institutions. Taking into account the third and fourth reports and based on my recommendations, on 3 April 1996, the General Assembly in its resolution 50/220 extended the mandate of MINUGUA for a further period of 9 months and 13 days, that is until 31 December 1996. MINUGUA's fifth report (A/50/1006) concludes that though there is tangible progress in Guatemala, it is as yet not sufficient to bring about substantial change in a situation characterized by serious human rights violations and persistent impunity. Nonetheless, MINUGUA recognizes a growing commitment by President Arzú's Government and civil society to advance in the fight against impunity and towards the consolidation of the rule of law. Among positive steps stressed are the elimination of military jurisdiction over common crimes committed by army personnel and the Government's decision to disarm and dissolve the Voluntary Civil Defence Committees. While these developments are praiseworthy, I reiterate the need for the parties to respond fully to the General Assembly's call in resolution 50/220 for them to implement the recommendations in the MINUGUA reports.

37. Regarding the valuable institution-building activities of MINUGUA, I should like to reiterate the importance of the Member States' voluntary contributions to the Trust Fund for the Guatemalan peace process. They have enabled the Mission to assist the Government and other Guatemalan institutions in strengthening key areas for the protection of human rights. I should also like to stress the effective and pioneering work carried out by the MINUGUA-UNDP Joint Unit, through which the two organizations have pooled their financial resources and expertise in support of human rights. It has demonstrated the benefits of sustained cooperation between a verification mission and operational activities for development.

38. On 6 August 1996, the Peace Commission of the Government of Guatemala and URNG issued a joint statement in which they undertook, inter alia, to conclude their negotiations before the end of 1996. I conveyed this statement to the President of the General Assembly in my letter dated 20 August (A/50/1023). Together with the declarations of cessation of offensive military actions of March and the URNG suspension of "war tax" in May, this latest development bodes well for the Guatemalan peace process. It also makes it imperative for the international community, and for the United Nations in particular, to prepare itself to support the Guatemalan people in the consolidation of peace after the signing of a final peace agreement. The comprehensiveness of the peace accords, combined with the limited availability of external assistance and the expectations of the Guatemalan people that peace will soon produce tangible benefits, make this both a challenging and urgent task. Drawing on the experience gained from other peace processes, the United Nations and the international community at large should work in close cooperation. In that

regard, I should like to express my appreciation to the Inter-American Development Bank, which, as the convenor of the forthcoming Consultative Group meeting on Guatemala, is redoubling efforts to mobilize donors in support of the implementation of the peace accords.

39. As I mentioned in my letter (A/50/1023), after the signing of a final peace agreement and the entry into force of all agreements reached between the parties, the United Nations will be called upon to expand the MINUGUA mandate to verify their implementation and to assist the parties in complying with them. To promote an integrated approach throughout the entire United Nations system, on 14 June 1996 I called a meeting of relevant United Nations agencies, bodies and programmes to discuss how the United Nations system could best work together in that endeavour. I take this opportunity to reiterate my appreciation to the many organizations of the United Nations system, which, as encouraged by the General Assembly in paragraph 11 of its resolution 50/132, have continued to provide valuable advice to the Secretariat's moderating task during the reporting period. In the coming months, I will be carrying out consultations with Member States to identify the best way to meet the challenges of the implementation of the peace accords and, in particular, to ensure that MINUGUA will be provided with the sound financial basis it needs to continue to make its decisive contribution to the peace process.

United Nations operational activities

40. United Nations support to Central America through operational activities is comprehensive and diversified. It has sought, in particular, to facilitate the regional process. During the course of 1995, as I reported in document A/50/534, and 1996, the UNDP, at the request of the Governments of the region and with the assistance of United Nations agencies, has been taking steps to launch a new initiative in the framework of the Alliance for the Sustainable Development of Central America. This new regional strategy for Central America has been focused on certain priority areas for intervention: peace consolidation and democratic governance; poverty eradication with an equity emphasis and the promotion of sustainable development initiatives at the local level; and natural resource protection and sustainability. Steps have also been taken to enhance coordination between United Nations agencies operating in Central America.

41. In the area of peace consolidation and democratic governance, the United Nations operational system has provided assistance to a number of projects. In El Salvador, it has supported the strengthening of the office of the human rights ombudsman; the development of the National Civilian Police and the National Academy of Public Security; the strengthening of the Attorney General's Office; the training of public defenders and justices of the peace; and the National Council of the Judiciary and its Judicial Training School. In Guatemala, it has worked jointly with MINUGUA in the strengthening of human rights institutions, and in a programme of judicial reform focusing on strengthening the technical capacity of public defenders. It has provided support to Honduras' National Commission for Human Rights, and to other entities linked to justice and citizen security; in Nicaragua, it has assisted in the promotion of a process of simplification of property ownership and transfer procedures and in decentralization efforts. In Panama, it has provided support

to a national programme, "Municipios Siglo XXI", to provide management training to 13 municipalities; and it has supported the Bambito process on national consensus-building on development priorities. In Costa Rica, it has assisted in the promotion of a national policy for the training of local administrators, specifically in financial management, as well as facilitating the creation of a Metropolitan Council for the City of San José; and has supported the "State of the Nation" initiative, consisting of a participatory scheme to produce an annual report of the country's sustainable human development performance and its most significant challenges. Regionally, it has provided technical assistance to non-governmental organizations to strengthen their participation in regional bodies and fora and has pursued a strategy to help bring gender themes to the forefront of the policy debate by fostering national fora, seminars and consensus-building conferences.

42. In the area of poverty alleviation, productive transformation with an equity emphasis and the promotion of sustainable human development initiatives at the local level, UNDP has formulated a regional Programme for Sustainable Human Development at the Local Level, based partly on the experience of the Programme for Displaced Persons, Refugees and Returnees (PRODERE) (A/50/499, para. 46), and directed at the social and economic reintegration of those most affected by conflicts. The programme is being built upon the results of the inter-agency workshop held in Montelimar, Nicaragua, on 19 March 1996, which included the participation of representatives of UNDP, UNHCR, the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO)/the Pan-American Health Organization (PAHO), the International Labour Organization (ILO), the World Food Programme (WFP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (UNOPS), and which aimed to establish a strategic alliance between all agencies of the United Nations system working in the region. The effort is to encompass activities targeting social and economic reintegration of those most affected by conflict, although it will increasingly be made under the broad rubric of struggle against poverty and social exclusion. The Programme for Sustainable Human Development at the Local Level is also to strengthen ongoing national subprogrammes undertaken by Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

43. However, efforts made at the local level cannot have a real impact and succeed in the creation of permanent basis of employment if they are not inserted in an overall macroeconomic policy that incorporates social development and environmental issues. In this regard UNDP will continue to promote national debates on the character of macroeconomic policies most conducive to sustainable human development goals and lasting peace by sponsoring in-depth studies, such as those carried out on Nicaragua and El Salvador ("Adjustment Toward Peace: Economic Policy and Post-War Reconstruction in El Salvador", July 1996). Also in the economic field, and in addition to the ongoing policy dialogue carried out through the Economic Commission for Latin America and the Caribbean (ECLAC), cooperation has been provided in order to improve the region's ability to compete within the world economy. Areas of concentration continue to be agricultural development, industrial modernization, international trade negotiations, regional economic integration and regional integration institutions. Although the Protocol to the Treaty of Economic Integration was

signed in October 1993, the need for increased attention to the economic sectoral policies and institutional reforms necessary for integration to advance is still evident.

44. In the field of natural resource protection and sustainability, the United Nations has, at the country level, promoted consensus, national capacity-building, an integrated approach and the strengthening of the participatory role of the civil society. Specific projects include assistance to the comprehensive planning of coastal resources management (Belize); assistance to a national system of conservation areas (Costa Rica); and protection to threatened ecosystems through an integrated programme of resources conservation (Guatemala). At the regional level, the United Nations has provided support for the Central American Commission for Environment and Development and its Central American Councils on Forestry and Protected Areas. The UNDP Global Environmental Fund is financing the preparatory phase for the Mesoamerican Biological Corridor programme, and there are ongoing discussions on the possible establishment of an Environmental Development Fund by the Central American Commission for Environment and Development.

45. In the framework of its culture of peace programme, UNESCO sponsored the Central American Military Forum for a Culture of Peace at San Salvador on 26 and 27 June 1996, bringing together the region's Ministers of Defence and Chiefs of the Armed Forces. In the final declaration, the latter vowed to support the consolidation of the processes towards peace and democracy through mechanisms of negotiation and conciliation currently ongoing in the region's societies. They also pledged to contribute to the strengthening of a culture of peace in Central America, conceived as a set of ethical values, habits and traditions, and patterns of behaviour that reflect and draw inspiration from the respect for life, for human beings, their dignity and rights; the rejection of violence; the recognition of the equality of the rights of men and women; and the adherence to the principles of democracy, liberty, justice, solidarity, tolerance, acceptance of the difference and common understanding, both between nations and countries and between ethnic, religious, cultural and social groups, and among people. In addition, UNESCO also sponsored the Iberoamerican Forum of Ombudsmen on Human Rights and a Culture of Peace, held at Antigua, Guatemala, on 30 June 1996, which declared that the building and strengthening of a culture of peace cannot be achieved without knowing, respecting, protecting and developing human rights.

IV. OBSERVATIONS

46. The past year has brought significantly closer the prospect that, with the successful resolution of the peace negotiations in Guatemala, Central America may find itself without armed conflict for the first time in more than three decades. Together with the agenda of social, economic and other reforms contained within the Alliance for the Sustainable Development of Central America, the dynamic institutional framework with which to seek to implement these reforms and the support of the international community, including the United Nations system itself, with which to do so, these circumstances place the countries of Central America in a favourable position from which to pursue economic growth, social justice and further democratization. However, the gravity of the challenges facing the region makes it evident that they will only

be overcome if they are approached with the dedication and sense of urgency brought to bear on civil war and regional tensions in the past. As sincerely as I encourage the parties in Guatemala to make every effort to provide the basis for a lasting peace in that country through a negotiated settlement, I also urge the countries of Central America and the international community to remain fully engaged in the consolidation of peace throughout the region. As Secretary-General, I am ready to continue to play the active role in this process entrusted to me by the General Assembly.